



ALAN WILSON  
ATTORNEY GENERAL

August 8, 2017

Mayor Joseph Kinney  
Town of Clio  
101 Calhoun Street  
Clio, South Carolina 29525

Dear Mayor Kinney :

The Office of the Attorney General, Department of Crime Victim Compensation (DCVC) is sending this notice to inform you that we have completed the DCVC programmatic review and financial audit for the Town of Clio Victim Assistance Program. A copy of the official report is attached for your review. According to Proviso 117.51, DCVC is legislatively mandated to conduct programmatic reviews and financial audits on any entity or non-profit organization receiving victim assistance funding to ensure that the crime victim funds are expended in accordance with the law.

Please be advised that all DCVC audits and follow-up reports are public information. I am requesting that you respond to the findings, in writing, within the next ten business days. Please note that, at the end of ten business days, this report will be posted on the DCVC website at [www.sova.sc.gov](http://www.sova.sc.gov) under the DCVC auditing tab.

Should you have any further questions or concerns, please feel free to contact me or Dexter L. Boyd, Lead Auditor, at 803.734.1900.

Sincerely,

Burke O. Fitzpatrick  
Director of Crime Victim Services Division

CC: Town Administrator  
Town Clerk/Treasurer



**The Office of the Attorney General  
Department of Crime  
Victim Compensation**

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August 8, 2017

**Programmatic Review and  
Financial Audit of the  
Town of Clio Victim Assistance  
Fines, Fees, and Assessment  
(FFA) Fund**

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## Acronyms:

VAFFA – Victim Assistance Fines, Fees, and Assessment

FFA – Fines, Fees, and Assessment

SOVA – State Office of Victims Assistance

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## Introduction and Laws

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### PREFACE

This programmatic review and financial audit was initiated in response to the State Office of Victim Assistance's (SOVA) concerns regarding the Victim Assistance Fines, Fees and Assessment fund. On January 3, 2017, the Director SOVA issued a letter to the Town Hall and Police Department to inform them of the Town of Clio's Initial Victim Assistance Fund audit. The audit site visit was conducted on January 25, 2017.

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### *Governing Laws and Regulations*

#### *Proviso 117.51*

#### 117.51 (GP: Assessment Audit / Crime Victim Funds)

If the State Auditor finds that any county treasurer, municipal treasurer, county clerk of court, magistrate, or municipal court has not properly allocated revenue generated from court fines, fines, and assessments to the crime victim funds or has not properly expended crime victim funds, pursuant to Sections 14-1-206(B)(D), 14-1-207(B)(D), 14-1-208(B)(D), and 14 1-211(B) of the 1976 Code, the State Auditor shall notify the State Office of Victim Assistance. The State Office of Victim Assistance is authorized to conduct an audit which shall include both a programmatic review and financial audit of any entity or nonprofit organization receiving victim assistance funding based on the referrals from the State Auditor or complaints of a specific nature received by the State Office of Victim Assistance to ensure that crime victim funds are expended in accordance with the law. Guidelines for the expenditure of these funds shall be developed by the Victim Services Coordinating Council. The Victim Services Coordinating Council shall develop these guidelines to ensure any expenditure which meets the parameters of Article 15, Chapter 3, Title 16 is an allowable expenditure. Any local entity or nonprofit organization that receives funding from revenue generated from crime victim funds is required to submit their budget for the expenditure of these funds to the State Office of Victim Assistance within thirty days of the budget's approval by the governing body of the entity or nonprofit organization.

Failure to comply with this provision shall cause the State Office of Victim Assistance to initiate a programmatic review and a financial audit of the entity's or nonprofit organization's expenditures of victim assistance funds. Additionally, the State Office of Victim Assistance will place the name of the noncompliant entity or nonprofit organization on their website where it shall remain until such time as they are in compliance with the terms of this proviso.

Any entity or nonprofit organization receiving victim assistance funding must cooperate and provide expenditure/program data requested by the State Office of Victim Assistance. If the State Office of Victim Assistance finds an error, the entity or nonprofit organization has ninety days to rectify the error. An error constitutes an entity or nonprofit organization spending victim assistance funding on unauthorized items as determined by the State Office of Victims Assistance. If the entity or nonprofit organization fails to cooperate with the programmatic review and financial audit or to rectify the error within ninety days, the State Office of Victim Assistance shall assess and collect a penalty in the amount of the unauthorized expenditure plus \$1,500 against the entity or nonprofit organization for improper expenditures. This penalty plus \$1,500 must be paid within thirty days of the notification by the State Office of Victim Assistance to the entity or nonprofit organization that they are in noncompliance with the provisions of this proviso. All penalties received by the State Office of Victim Assistance shall be credited to the General Fund of the State. If the penalty is not received by the State Office of Victim Assistance within thirty days of the notification, the political subdivision will deduct the amount of the penalty from the entity or nonprofit organization's subsequent fiscal year appropriation.

### **Proviso 93.27**

#### **93.27 (DOA: State Victim Assistance Program)**

A county or municipality may retain carry forward funds that were collected pursuant to Sections 14-1-206 (B) and (D), 14-1-207 (B) and (D), 14-1-208 (B) and (D), and 14-1-211 (B) of the 1976 Code, but no more than \$25,000 or ten percent of funds collected in the prior fiscal year, whichever is higher.

If a county or municipality does not spend at least ninety percent of the funds collected pursuant to Sections 14-1-206 (B) and (D), 14-1-207 (B) and (D), 14-1-208 (B) and (D), and 14-1-211 (B) on Article 16, Chapter 3, Title 16 first priority and/or second priority programs during the fiscal year that the funds are received then the county or municipality shall remit any unspent funds that are greater than the allowed carried forward funds, regardless of the year collected, to the State Victim Assistance Program (SVAP) with the Department of Public Safety, Office of Highway Safety and Justice Programs within 120 days after the end of the fiscal year. All funds must be accounted for in the annual audit for each county or municipality.

SOVA shall offer training and technical assistance to each municipality and county annually on acceptable use of both priority one and priority two funds and funds available for competitive bid.

SOVA is authorized to transfer to the State Victim Assistance Program housed in the Department of Public Safety any state funds deemed available under SOVA authority to be placed in the competitive bid process.

The State Victim Assistance Program shall offer any funds remitted to it to non-profit organizations that provide direct victim services on a competitive bid process. These funds may be used by the non-profit for administrative costs and victim services.

### ***Proviso 98.9***

#### **98.9 (TREAs: Penalties for Non-reporting)**

If a municipality fails to submit the audited financial statements required under Section 14-1-208 of the 1976 Code to the State Treasurer within thirteen months of the end of their fiscal year, the State Treasurer must withhold all state payments to that municipality until the required audited financial statement is received.

If the State Treasurer receives an audit report from either a county or municipality that contains a significant finding related to court fine reports or remittances to the Office of State Treasurer, the requirements of Proviso 117.51 shall be followed if an amount due is specified, otherwise the State Treasurer shall withhold twenty-five percent of all state payments to the county or municipality until the estimated deficiency has been satisfied.

*Proviso 98.9 Cont.*

If a county or municipality is more than ninety days delinquent in remitting a monthly court fines report, the State Treasurer shall withhold twenty-five percent of state funding for that county or municipality until all monthly reports are current.

After ninety days, any funds held by the Office of State Treasurer will be made available to the State Auditor to conduct an audit of the entity for the purpose of determining an amount due to the Office of State Treasurer, if any.

***SC Code of Law  
Title14***

**Courts – General Provisions**

Collection/Disbursement of Crime Victim Monies at the Municipal & County Levels: below is a brief synopsis of applicable sections.

- **Sec. 14-1-206, subsection(s) A, B & D:** A person who is convicted of, pleads guilty or nolo contendere to, or forfeits bond for an offense occurring after June 30, 2008, tried in general sessions court must pay an amount equal to 107.5 percent of the fine imposed as an assessment. The county treasurer must remit 35.35 % of the revenue generated by the assessment imposed in general sessions to the county to be used exclusively for the purpose of providing direct victim services and remit the balance of the assessment revenue to the State Treasurer on a monthly basis by the fifteenth day of each month.
- **Sec. 14-1-207 Subsection(s) A, B & D:** A person who is convicted of, pleads guilty or nolo contendere to, or forfeits bond for an offense occurring after June 30, 2008, tried in magistrate's court must pay an amount equal to 107.5 percent of the fine imposed as an assessment.
- **Sec. 14-1-207 Subsection(s) A, B & D (cont):** The county treasurer must remit 11.16 % of the revenue generated by the assessment imposed in magistrate's court to the county to be used exclusively for the purpose of providing direct victim services and remit the balance of the assessment revenue to the State Treasurer on a monthly basis by the fifteenth day of each month.

- **Sec. 14-1-208 Subsection(s) A, B & D:** A person who is convicted of, pleads guilty or nolo contendere to, or forfeits bond for an offense occurring after June 30, 2008, tried in municipal's court must pay an amount equal to 107.5 percent of the fine imposed as an assessment. The county treasurer must remit 11.16 % of the revenue generated by the assessment imposed in municipal court to the county to be used exclusively for the purpose of providing direct victim services and remit the balance of the assessment revenue to the State Treasurer on a monthly basis by the fifteenth day of each month.
- **Sec. 14-1-211 Subsection A, B, & D:** A one hundred dollar surcharge is imposed on all convictions obtained in general sessions court and a twenty-five dollar surcharge is imposed on all convictions obtained in the magistrate's and municipal court must be retained by the jurisdiction which heard or processed the case and paid to the city or county treasurer. Any funds retained by the county or city treasurer must be deposited into a separate account for the exclusive use for all activities related to those service requirements that are imposed on local law enforcement, local detention facilities, prosecutors, and the summary courts. These funds must be used for, but are not limited to, salaries, equipment that includes computer equipment and internet access, or other expenditures necessary for providing services to crime victims. All unused funds must be carried forward from year to year and used exclusively for the provision of services to the victims of crime. All unused funds must be separately identified in the governmental entity's adopted budget as funds unused and carried forward from previous years.
- **Sec. 14-1-207 Subsection(s) A, B & D (cont):** To ensure that surcharges imposed pursuant to this section are properly collected and remitted to the city or county treasurer, the annual independent external audit required to be performed for each municipality and each county must include a review of the accounting controls over the collection, reporting, and distribution of surcharges from the point of collection to the point of distribution and a supplementary schedule detailing all surcharges collected at the court level, and the amount remitted to the municipality or county.

SC Code of Law  
Title 14 (cont)

The supplementary schedule must include the following elements:

- (a) All surcharges collected by the clerk of court for the general sessions, magistrates, or municipal court;
- (b) The amount of surcharges retained by the city or county treasurer pursuant to this section;
- (c) The amount of funds allocated to victim services by fund source; and
- (d) How those funds were expended, and any carry forward balances.

The supplementary schedule must be included in the external auditor's report by an "in relation to" paragraph as required by generally accepted auditing standards when information accompanies the basic financial statements in auditor submitted documents.

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## AUDIT OBJECTIVES

The SC State Legislative Proviso 117.51 mandates the State Office Victim Assistance to conduct programmatic reviews on any entity or non-profit organization receiving victim assistance funding to ensure that the crime victim funds are expended in accordance with the law.

### Audit Objectives were:

- To determine if the Town of Clio maintained accountability of revenue and expenses for the Victim Assistance Fund in accordance with State law and regulations since June 30, 2008.
  - To determine if direct victim services were provided to crime victims in accordance with State law.
  - To determine if the Town of Clio maintained accountability of the Victim Assistance Fund reporting requirements as it relates to State law.
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## RESULTS IN BRIEF

### *Fund Accountability (Objective A)*

No, the town has not maintained accountability of revenue and expenses for the Victim Assistance Fund in accordance with State law and regulations since June 30, 2008.

A multitude of issues and concerns regarding the fund is noted throughout this report and affects the accountability of the Victim Assistance Fund.

In assessing all the information provided, the Town of Clio's total reimbursement amount is **\$87,080.57**. Please see the following charts regarding the VA Fund from May 2008 through Dec. 2016. For a detailed overview, please see Appendix A.

Results In Brief Cont.

The Audit Scope is from May 2008 through Dec. 2016

**Chart 1**

	<b>Beginning Deficit</b>	<b>Funds Collected</b>	<b>Funds Deposited</b>	<b>Funds Credited to the VA Account</b>
<b>Totals:</b>	\$ (44,808.37)	\$ 26,507.15	\$ 21,185.68	\$ 7,628.97

**Chart 2**

<b>Allowable Expenditures</b>	<b>Unallowable Expenditures</b>
\$ 3,861.16	\$ 49,901.07

**Chart 3**

<b>Beginning Deficit</b>	<b>Unallowable Exp. / Un-deposited Funds</b>	<b>Funds Credited to the VA Account</b>	<b>Reimbursement</b>
(\$ 44,808.37)	+ (\$ 49,901.07)	+ \$ 7,628.97	= (\$ 87,080.47)

Results In Brief Cont.

*Victim Services*

No, services have not been provided to crime victims in accordance with State law.

*Reporting Requirements*

No, the town has not maintained accountability of the Victim Assistance Fines, Fees and Assessment Fund reporting requirements as it relates to State law.

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**Objective(s), Conclusion(s), Recommendation(s), and Comments**

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**A. Fund Accountability****Objective**

Has the Town of Clio maintained accountability of revenue and expenses for the Victim Assistance Fund in accordance with State law and regulations since June 30, 2008?

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**Conclusion**

No, the Town has not maintained accountability of revenue and expenses for the Victim Assistance Fund in accordance with State law and regulations since April 30, 2008.

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**Background**

The 2004 Town of Clio's Annual Financial Report dated April 30, 2004

The 2008 Annual Financial Report dated April 30, 2008

The Town of Clio's Municipal Court State Auditor's Report dated June 30, 2015

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**Discussion***Background Information*

During the State Office of Victim Assistance (SOVA) annual budget phase for FY 15-16, the Town of Clio failed to submit a budget for their victim assistance funds in accordance to Proviso 117.51. Therefore, SOVA made several attempts to obtain the budget from the Town. However, since the town failed to provide this information, they were mailed a letter stating they would be placed on the SOVA website as non-compliant as well as the SOVA audit list. After being placed on the audit list for non-compliance, additional concerns regarding the Victim Assistance program and funds were brought to SOVA's attention; thereby, initiating an audit on January 3, 2017 and site visit conducted January 25, 2017.

Prior to conducting the audit, it appears there were issues with the Town of Clio's Victim Assistance Fund that was noted in at least 3 prior audit reports. During the pre-audit review and research, the SOVA auditor noted there were 3

previous audits that addressed concerns with the Victim Assistance Fund.

Those audits were the 2004 Town of Clio's Annual Financial Report dated April 30, 2004, Town of Clio's Annual Financial Report dated April 30, 2008 and the Town of Clio's Municipal Court State Auditor's Report dated June 30, 2015. The Certified Public Accountant (CPA) who performed the Town's 2008 Annual Financial Report explained in the audit notes within the financial statement section that while conducting the Town's 2004 Annual Financial Report, a Town official stated that only a minor portion of the funds expended from the Victim Assistance checkbook were for proper expenditures. Also, it was stated that improper expenditures from the fund were treated as loans to the Town's General Fund.

According to the Town of Clio's Schedule of Fines and Assessments included in the Town's 2008 Annual Financial Report, the ending Victim Assistance Fund balance should have been **\$77,677.00**, as of April 30, 2008. The 2008 Annual Financial Report also stated the General Fund owed the Victim Assistance Fund **\$36,163.00** and recommended the General Fund repay this amount to the Victim Assistance Fund and refrain from borrowing additional funds to pay general Town expenses.

On March 13, 2017, the SOVA auditor contacted the CPA that conducted the Town's 2008 Annual Financial Report and asked if they received and reviewed any documentation to confirm money was transferred to the Town's General Fund from the Victim Assistance account and used for the Town's general expenses. The auditor stated, documentation was submitted and reviewed to verify the unallowable account transfers and the amount missing from the Victim Assistance Fund. However, this information is well beyond the scope of this audit; but, it is still related because the funds were never placed back into the Victim Assistance Fund. It is unallowable to use these funds for the Town's expenses.

Also prior to this audit, the Town of Clio's Municipal Court State Auditor's Report for year ending June 30, 2015 was issued to the Town. This report stated the Victim Assistance Funds were being comingled with the Town's general operating funds. This was in addition to referencing the Town's 2008 Annual Financial Report as well.

After reviewing prior audits, it appears The Town of Clio was advised of their financial issues regarding the fund on several occasions since 2004, and was provided with steps to take to correct the issues relating to their Victim Assistance Fund deficit. Recommendations were made to assist the Town in the 3 prior audits noted above regarding correcting these issues; however, very little progress was made on the Town's behalf in doing so and repaying the funds.

#### *Where We Are Now*

Again, prior to conducting this audit, according to the Schedule of Fines and Assessments in the Town of Clio's 2008 Annual Financial Report for year ending April 30, 2008, the carryforward balance for the Victim Assistance Fund should have been **\$77,677.00**. However, as of June 30, 2015, the State Auditor's Office reported that the Victim Assistance Funds were being comingled with the Town's general operating funds. In addition, the cash balance for the Town's General Fund was not sufficient to cover the amount that should have been in the Victim Assistance Account. Therefore, it was concluded by the State Auditor's Office that the Town had expended Victim Assistance funds to pay the Town's operating expenses, which is unallowable.

The SOVA auditor requested the Town of Clio provide all victim assistance bank records and remittance forms for the timeframe of May 1, 2008 to December 31, 2016. The documents were received and reviewed. Please note, the beginning balance for the Victim Assistance Fund as of May 1, 2008, should have been **\$77,677.00** (per the 2008 Annual Financial Report). According to the Town's 2008 Annual Financial Report and the 2015 State Auditor's Office Report, the General Fund owed the Victim Assistance Fund **\$36,163.00** as of April 30, 2008; therefore, the Victim Assistance bank account balance should have been **\$41,514.00** as of May 1, 2008, making a total of \$77,677.00. However, upon review of the bank statements submitted by the Town on May 1, 2008, the account balance was only \$32,868.63. This means that an additional **\$8,645.37** was unaccounted for from the fund amount of \$41,514.00. The auditor found also that after a review of all documents submitted, prior to May 2008 the Town of Clio already owed the Victim Assistance Fund **\$44,808.37**.

## *Revenues*

In preparation of this audit, SOVA requested and received State Treasurer's Revenue Remittance Forms (STRRF's) and bank statements from the Town of Clio for May 2008 through December 2016. During the audit site visit on January 25, 2017, the Town submitted the additional requested documents. While conducting the audit site visit, the SOVA auditor inquired about who was responsible for collecting and depositing the Victim Assistance Funds from May 2008 through December 2016. The current Mayor stated that the Clerk of Court was responsible for the collection of fines. After collecting the fines, the funds were given to the Town Clerk/Treasurer, and they were responsible for recording the funds in the Town's bookkeeping records as well as depositing them into the proper bank account. There was 1 Clerk of Court and 3 Town Clerks/Treasurers from May 2008 to December 2016.

The total amount of Victim Assistance Funds collected from May 2008 through December 2016 was \$26,507.15. During a review of the STRRF's and bank statements, it was noted that the Town had a Victim Assistance bank account from May 2008 through December 2011. As of May 1, 2008 the account balance for the Victim Assistance Fund was **\$32,868.63**. However, from May 2008 through December 2011, \$19,367.05 was collected by the Town for the Victim Assistance Program. However, only **\$10,822.24** was deposited into the victim assistance account. Therefore, **\$43,690.87** was available to spend in the fund.

Also during the timeframe of May 2008 through December 2011, the town transferred \$3,515.00 from the General Fund to cover victim assistance expenditures. This makes the total amount of Victim Assistance funds available \$47,205.87 as of December 2011. However, please note the account was closed in December 2011 with a zero balance.

The timeframe from January 2012 through December 2016, the town did not have a Victim Assistance account established. All funds collected over this timeframe was deposited into the General Fund where it was comingled with the Town's general operating funds. According to Section 14-1-211 (B) of the 1976 South Carolina Code of Laws, as amended, states, "The revenue collected pursuant to subsection (A)(1) must be retained by the jurisdiction which heard or processed the case and paid to the city or county treasurer, for the purpose of providing services for the victims of crime, including those required by law.

Any funds retained by the county or city treasurer pursuant to subsection (A)(1) must be deposited into a separate account for the exclusive use for all activities related to the requirements contained in this provision.”

During the audit site visit, it was recommended by the SOVA auditor that the Town open a separate bank account for their Victim Assistance Program and any funds collected for victim assistance is required to be deposited into the account. On February 10, 2017, the Mayor submitted documentation to SOVA showing the Town had a separate bank account opened for the Victim Assistance program.

In reviewing, the STRRF’s from May 2008 to December 2016, there were months where Victim Assistance revenue was collected but not deposited into the Victim Assistance bank account. The total amount of Victim Assistance funds collected from May 2008 through December 2016 was **\$26,507.15** and should have been placed in the Victim Assistance Fund. However, only **\$10,822.24** was deposited into the Victim Assistance Fund which means **\$15,684.91** was not deposited by the Town. Out of the \$15,684.91 that was not deposited, the Town only used \$6,848.44 as a deposit to open the Victim Assistance account in February 2017. Also, the Town still owes the Victim Assistance Fund **\$8,836.47** for funds not deposited but retained from May 2008 through December 2016. The **\$8,836.47** is required to be reimbursed back into the Victim Assistance Fund along with all other unallowable expenditures noted in this report.

### *Expenditures*

On January 3, 2017, the Town of Clio was mailed a list of pre-requested audit documents, if returned, the auditor could review this information prior to the audit regarding expenditures from the Victim Assistance Fund. However, these documents were not received. The auditor did note during the audit site visit on January 25, 2017 that the town submitted this information to include bank statements, invoices, receipts and general ledgers for expenditures from the Victim Assistance Fund. Upon review of all the information, it was determined that the Town spent \$3,861.13 for allowable expenditures and had 3 expenses totaling \$955.24 that were unallowable because they were related to law enforcement and not providing direct victim services. There were also a number of questionable expenses related to the funds transferred from the Victim Assistance bank account, excessive monthly bank service

fees and other expenses that did not include adequate supporting documentation.

During the audit site visit, the auditor requested a timeline of who was responsible and had oversight for expending the funds. The Mayor provided a timeline of who was responsible for the oversight of expending the Victim Assistance Funds from May 2008 to present. Since May 2008 to present, the Town of Clio has had 3 Town Clerks/Treasurers and 3 Chief of Police. The current Mayor stated that the Town Clerks/Treasurers and the Chief of Police were responsible for the oversight of expending the funds. However, while reviewing documentation submitted by the Town, it was noted that the previous Mayor and a Town Council member were signing off on checks written from the fund May 2008 through December 2011. The Clerk/Treasurer A and Chief A were responsible for oversight and expending the funds from May 2008 through November 2012. The Clerks/Treasurers and Chiefs B and C were responsible for oversight and expending the funds January 2012 to December 2016 in which there was no fund activity.

On February 21, 2017, the SOVA auditor requested additional information from the Town to determine if the transfers and bank service fees were allowable, as well as supporting documentation for expenditures not previously received. Please note, there were 9 internet transfers from the fund totaling \$23,235.00. Additionally, there were excessive monthly bank service fees in the amount of \$5,159.05. There was \$17,439.66 noted in other expenses where more details were needed for audit purposes. The total, amount of the questionable expenditures was \$45,883.71 overall. Several requests were made by the SOVA auditor to the Mayor for documentation to explain and support the questionable expenditures; however, the Mayor failed to provide the requested documentation. Therefore, since the Town failed to provide the requested documentation, the \$45,883.71 is unallowable and is required to be reimbursed back into the Victim Assistance Fund along with the other \$955.24 in unallowable expenditures for a total of **\$46,788.95**.

In addition, it appears that from May 2008 through December 2011 there was a total of \$50,084.88 in expenditures from the Victim Assistance Fund in which during this timeframe there was a Victim Advocate.

However, as previously stated, there was only \$47,205.87 (please see appendix A) available to spend. Therefore, it was determined by the auditor that the Town used \$2,879.01 from other sources to cover the above expenditures and shortfall of funds, in addition to the \$3,515.00 transferred from the General Fund. Therefore, a credit of \$6,394.01 has been given to the Town and will be deducted from the unallowable amount expended from the fund. Please note, from January 2012 to December 2016, the Town did not have a Victim Assistance account established and all funds collected over this timeframe was deposited in the General Fund. There were no further expenditures from the fund because the town did not have a Victim Assistance Program; therefore, none of the funds could be spent.

#### *Wrap-up*

As previously noted the beginning balance for the Victim Assistance Fund for The Town of Clio should have been **\$77,677.00** as of May 1, 2008. A total of \$26,507.15 was collected in Victim Assistance Funds from May 1, 2008 through December 31, 2016, which means the account balance should have been **\$104,184.15**. The Town spent \$3,861.13 in allowable expenditures from the fund. Therefore, as of December 31, 2016 the Town owed a total of **\$100,323.02** to the Victim Assistance Fund.

On February 10, 2017, the Town deposited \$6,848.44 into the fund which leaves **\$93,474.58** that the Town of Clio is required to reimburse back into the Victim Assistance Fund for unallowable expenditures, un-deposited funds and funds that could not be accounted for. In an effort to assist the Town with the reimbursement, they were given a credit of \$6,394.01. Therefore, the final reimbursement amount the Town of Clio is responsible for reimbursing in the Victim Assistance Fund is **\$87,080.47**.

In conclusion, there have been a multitude of issues and concerns regarding the fund as noted throughout this report that has affected and impacted the accountability of the Victim Assistance Fund. In assessing all the information provided, the Town of Clio's reimbursement breakdown after applying all credits is outlined on page 29 of this report which is Appendix A.

**Recommendation(s)**  
**and Comments**

**A-1**

**It is recommended that the Town of Clio is required to open and establish a separate bank account for the Victim Assistance Fund.**

**A-2**

**It is recommended that the Town of Clio is required to reimburse the Victim Assistance Fund a total of \$87,080.47 in which funds were used to pay for the Town's operating expenses.**

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**Objective(s), Conclusion(s), Recommendation(s), and Comments**

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**B. Victim Services****Objective**

Has direct victim services been provided to crime victims in accordance with State law?

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**Conclusion**

No, direct victim services has not been provided to crime victims in accordance with State law.

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**Background**

The 2004 Town of Clio's Annual Financial Report dated April 30, 2004

The 2008 Annual Financial Report dated April 30, 2008

The Town of Clio's Municipal Court State Auditor's Report dated June 30, 2015

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**Discussion**

During the State Office of Victim Assistance (SOVA) annual budget phase for FY 15-16, the Town of Clio failed to submit a budget for their victim assistance funds in accordance to Proviso 117.51. Therefore, SOVA made several attempts to obtain the budget from the Town. However, the Town failed to provide this information, and was mailed a letter stating they would be placed on the SOVA website as non-compliant as well as the SOVA audit list. After being placed on the audit list for non-compliance, additional concerns regarding the Victim Assistance program and funds were brought to SOVA's attention; thereby, initiating this audit on January 3, 2017.

Prior to the audit site visit, SOVA requested the following documents regarding the Town of Clio's Victim Assistance Program:

1. Written policies and procedures for the Victim Assistance Program
2. Statistical reports for services provided to crime victims

During the audit site visit interviews with the Chief, Mayor and Town Clerk, it was brought to the auditor's attention that the Town of Clio had not retained a Victim Advocate since 2012. The Town has not maintained a job description for the Victim Advocate position or any written policies and procedures for the Victim Assistance program since 2012. A statistical report was submitted by the Town; however, it provided data not only on crime victims for the town but all crimes that took place that may not have been victim related. The SOVA auditor recommended that although they did not have an advocate, they are required to still develop written policies and procedures and have an updated Victim Advocate job description.

When asked about who provides the victim services for the Town, the Chief stated that no one was providing the service to his knowledge. He also stated that no one from the Town was providing the Victim Impact Statements to crime victims or informing victims of their rights. The Chief stated he was providing some services to crime victims; however, he did not have his Victim Service Provider (VSP) certification as legislatively mandated and did not have a budget so he was limited in what he could do. The Chief expressed interest in providing the victim services for the Town and inquired about training and other resources that would assist him in doing so according to State requirements. The auditor discussed with the Chief that he would first need to be VSP certified in order to provide the victim services for the Town. Technical assistance was provided to the Chief, and Mayor on SC Code of Law Title 16, Chapter 3; Section 1620 (D) and on the VSP certification memo. The auditor emphasized the importance of the Chief as Victim Advocate, and becoming and remaining a certified Victim Service Provider. However; because of the various issues involving the funds, the auditor recommended the Town contact Marlboro County immediately, and consider entering into a contract with them to provide the victim services for the Town until issues with their fund is resolved and the Victim Assistance funds are reimbursed and accounted for accordingly. In the meantime, it is recommended they call the county and enter a verbal contract agreement to ensure that the victims' needs are addressed.

**Recommendation(s)**  
**and Comments**

**B-1**

**It is recommended that the Town of Clio contact Marlboro County immediately and discuss and consider entering into a contract to provide victim services for the Town without any transfer of victim funds since the fund has financial issues that have not been resolved. Also, the Town is to show correspondence regarding any contact with the county relating to providing victim assistance.**

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**Objective(s), Conclusion(s), Recommendation(s), and Comments**

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**C. Reporting Requirements**

<b>Objective</b>	Has the Town of Clio maintained accountability of the Victim Assistance Fund reporting requirements as it relates to State law?
<b>Conclusion</b>	No, the Town has not maintained accountability of the Victim Assistance Fund reporting requirements as it relates to State law.
<b>Background</b>	<p>The 2004 Town of Clio's Annual Financial Report dated April 30, 2004</p> <p>The 2008 Annual Financial Report dated April 30, 2008</p> <p>The Town of Clio's Municipal Court State Auditor's Report dated June 30, 2015</p>
<b>Discussion</b>	<p>The SOVA auditor requested the following documents regarding the Town of Clio's Victim Assistance Program reporting requirements on the pre-requested document list prior to the audit site visit:</p> <ul style="list-style-type: none"><li>• State Treasurer's Revenue Remittance Forms May 2008 to December 2016</li><li>• Written Policies &amp; Procedures for ensuring timely submission of monthly STRRFs and deposit of corresponding retained amounts in the Victim Assistance Fund</li><li>• Schedules of fines, fees and assessments from the Town of Clio's annual audits for FY 08 through FY 16</li></ul> <p>The Town of Clio failed to submit a budget for their Victim Assistance funds to SOVA during the annual budget phase for FY 15-16.</p>

After numerous attempts by SOVA requesting the budget, the Town was mailed a letter stating they would be placed on the SOVA audit list as non-compliant per proviso 117.51. During the audit site visit, the SOVA auditor again requested copies of the budget for FY 15-16. The town submitted copies of the FY 15-16 budget along with copies of the FY 16-17 budget as well which meets all compliance regulations per Proviso 117.51.

#### *Annual Financial Audit Reporting*

Prior to conducting this audit, it was reported in the Town of Clio's Municipal Court State Auditor's Report dated June 30, 2015 that the Town had not since 2008, used an independent auditor to audit their financial records. However the report stated that the Town had contracted with an independent auditor to perform June 30, 2009, 2010, 2011, 2012, 2013 and 2014 audits. As a part of the pre-requested document list for this audit, SOVA requested copies of the supplemental schedules from annual financial audits for 2009 through 2016. However these documents were not received. Please note, that during the audit site visit interview with the Mayor, a copy of the 2009 Annual Financial Audit was submitted and the Mayor stated the Town's independent auditor was currently working on 2010, 2011, 2012, 2013 and 2014 audits as he previously stated in the 2015 State Auditor's Report. The SOVA auditor contacted the independent auditor for the Town on March 16, 2017 to inquire if he had started to prepare any of the missing audits and if he had a possible completion timeframe. However, the SOVA auditor did not receive a return call. Section 5-7-240 of the South Carolina Code of Laws, as amended, states, "The council shall provide for an independent annual audit of all financial records and transactions of the municipality and any agency funding in whole by municipal fund..."

Therefore, it is recommended the Town of Clio continue to work with an independent auditor to conduct an audit of its financial statements in accordance with State law to incorporate all missing audits. At this time, the Town is not in compliance with this legislation.

*Revenue Remittance  
Reporting*

During the onsite interviews with Clerk/Treasurer and Mayor, it was determined that the Town had not submitted the STRRF's and the corresponding revenue that would ensure compliance with SC Code of Law Section 14-1-208 (B). As noted in the Town of Clio's Municipal Court State Auditor's Report dated June 30, 2015, the Town had not submitted monthly STRRF's to the State Treasurer's Office for July 2011 through June 2015 and in a separate matter owed the State Treasurer's Office **\$73,773.23** for unreported funds.

On March 16, 2017, while in the process of preparing this audit report, the SOVA auditor contacted the State Treasurer's Office regarding the unreported STRRF's and revenue for the Town of Clio and was informed the Town has not submitted the unreported STRRF's or the corresponding revenue due for July 2011 through June 2015 in the amount of **\$73,773.23**. The SOVA auditor contacted the State Treasurer's Office again regarding additional information and determined that a copy of this report would be forwarded to their Office.

It was determined from July 2015 through December 2016 that the Town submitted the STRRF's along with funds due to the State Treasurer's Office. According to the State Treasurer's Office, they have not determined if the amount submitted by the Town for July 2015 through December 2016 is correct. Therefore, it is recommended that the Town of Clio implement a plan to ensure unreported State Treasurer's Revenue Remittance forms and payments are submitted for July 2011 through June 2015 and continue to remit STRRF's with corresponding revenue in accordance with State law.

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**Recommendation(s)  
and Comments**

**C-1**

**It is recommended that the Town of Clio continue to work with an independent auditor to conduct an audit of its financial statements in accordance with State law from FY 10 to FY 16 and provide SOVA with documentation or correspondence regarding the annual audits.**

Recommendation(s)  
and Comments cont.

C-2

**It is recommended that the Town of Clio coordinate with the State Treasurer's Office to ensure correct payment amount established by the State Treasurer's Office and show documentation or correspondence regarding this matter.**

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**Objective(s), Conclusion(s), Recommendation(s), and Comments**

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**D. Technical Assistance****Documentation Provided**

During our site visit we explained and provided the following documents:

1. Copy of the Legislative Proviso 117.51
2. Copy of the Legislative Proviso 98.9
3. Copy of a Sample Budget
4. Sample Staff Hired Report
5. Sample Time and Activity Report
6. Sample Expenditure Report
7. Victim Advocate Procedural Manual
8. Copy of 2013 Approved Guidelines
9. Technical Assistance

**Other Matters**

There are no other matters.

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## Corrective Action

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*Proviso 117.51 states:*

*“If the State Office of Victim Assistance finds an error, the entity or non-profit organization has ninety days to rectify the error. An error constitutes an entity or non-profit organization spending victim assistance funding on unauthorized items as determined by the State Office of Victims Assistance. If the entity or non-profit organization fails to cooperate with the programmatic review and financial audit or to rectify the error within ninety days, the State Office of Victim Assistance shall assess and collect a penalty in the amount of the unauthorized expenditure plus \$1,500 against the entity or non-profit organization for improper expenditures. This penalty plus \$1,500 must be paid within thirty days of the notification by the State Office of Victim Assistance to the entity or non-profit organization that they are in non-compliance with the provisions of this proviso. All penalties received by the State Office of Victim Assistance shall be credited to the General Fund of the State. If the penalty is not received by the State Office of Victim Assistance within thirty days of the notification, the political subdivision will deduct the amount of the penalty from the entity or non-profit organization’s subsequent fiscal year appropriation.”*

**The Town of Clio was informed at the conclusion of the site visit that there appeared to have been some errors as noted in this report. The findings were reviewed and discussed with the Town Clerk/Treasurer, Mayor and Chief. They were advised that this Programmatic Audit Review will warrant the need for further review by management and unless otherwise noted, the 90 Day window to correct all errors will begin 5 business days following the completion date noted on this final report.**

The audit site visit was completed on January 25, 2017 and final report issued to the Town of Clio on August 8, 2017. The 90 Day Follow-up site visit is schedule for November 2017.

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# Official Post-Audit Response

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**The County/City has 5 business days from the date listed on the front of this report to provide a written response to the DCVC Assistant Deputy Director:**

**Ethel Douglas Ford, CPM  
1205 Pendleton St., Room 401  
Columbia, SC 29201**

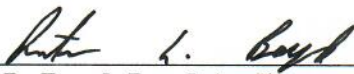
**At the end of the five day response period, this report and all post-audit responses (located in the Appendix) will become public information on the Department of Crime Victim Compensation (DCVC) website:**

**[www.sova.sc.gov](http://www.sova.sc.gov)**



ALAN WILSON  
ATTORNEY GENERAL

Programmatic Review Completed by:

  
Dexter L. Boyd, Lead Auditor

8/8/17  
Date

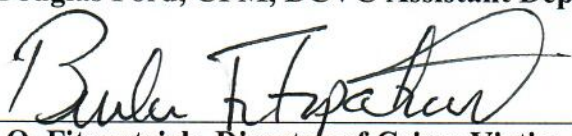
Reviewed by:

  
Richelle A. Melvin, CGAP, Sr. Auditor

8/8/17  
Date

Ethel Douglas Ford, CPM, DCVC Assistant Deputy Director

Date

  
Burke O. Fitzpatrick, Director of Crime Victim Services Division

8/8/17.  
Date